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POSSIBILITIES AND LIMITS OF RURAL CO-OPERATIVE SELFHELP IN DEVELOPING COUNTRIES

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Possibilities and Limits of Rural Co-operative Selfhelp in Developing Countries

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A country is called underdeveloped if its avarage real per capita revenue is relatively low. In most developing countries the distribution of income is very differentiated, i.e. that part of the population which is of relevance for co-operatives is much poorer than the statistical average shows. Closely connected with the general criterion of a low revenue are: a low rate of saving, a low rate of investment, a small provision with capital, a low intensity of capital and a low productivity of labor. Each of these facts influences disadvantageously the real per capita revenue; the low real per capita revenue is simultaneously cause and result of the underdevelopment. Other criterions of developing countries are illiteracy, little technical knowledges and as a result an unsufficient benefit of the natural resources. The greatest part of the population capable of earning is occupied in the agrarian sector; the structure of agricultural production mostly shows a tendency to single-crop-farming. For there are great differences among the developing countries, especially in the socio-historical aspect, the following essay can not give advise for how to develop countries but it is a basic consideration about the economic problems all developing countries have in common.

In almost all developing countries the agrarian sector dominates, therefore the following functions of the co-operatives are important to improve the productivity of the agriculture:

1. Establishment of a well operating credit system to assign and distribute credits and to raise the wish for savings. The credits have to be assigned to investments.
2. As soon as the small farms buy and sell in the market, the foundation of purchasing and marketing co-operatives is of importance, especially if there is an exportation of agricultural products. Production for the world market always requires the standardization of the quality on a high level and the control of purification, assorting and packing.
3. There must be assistance in using even simple machines to till the land better and thus achieve a higher productivity of labor working in the agrarian sector. To this pertain also instructions about insecticides, fertilizer and irrigation.

In realizing this great member of economically important functions there are many obstacles in developing countries. To be successful in building up co-operatives it must be known which is required as antecedent.

Emanating from the west european experiences the most important preconditions for the foundation of rural co-operatives were as follows:

1. The judicial and economic independence of the member-enterprises (a liberal economic system, liberty of disposition of the individual rural enterprise concerning the formation of production, marketing, borrowing etc.);
2. The economic weakness of the individual enterprise, the awareness of this weak position and the wish to ascend economically by self help. (The weak position of small and medium farms is caused by:
   a) the structure of the agricultural production,
   b) the defensive position against other participants of the market);
3. A leading élite for the management of the co-operatives (Problem of the level of education and of qualification);
4. A guaranted financement of the co-operative enterprise (The co-operative enterprise requires a capital, its members must raise at least some money).

With exception of the economically weak position all these preconditions cannot be realized in the same way as in Europe. The main obstacles to do so are:

1. The low level of education (illiteracy). There is a lack of an economically skilled and open-minded leading élite among the members and of a population being directly susceptible to the ideas of co-operativism. Further there is a lack of rational effort for economic success. Religious and traditional influences as well as the "Idea of Nourishment" stunt the economic development of the greater part of the population.
2. The objective fact of a lack of capital. Beside the insufficient capability of saving if the minimum of existence is scarcely met, neither there is the wish to spare.

The most european co-operatives have been built up under the above mentioned conditions which cannot be arranged in the developing countries during the present phase of development. If the developing countries do not want to renounce the good results of co-operatives concerning the economic development they have to build up them in a way different to that the Europeans did. Because of the insufficient intellectual precondition for a private initiative and because of the lack of capital for the private foundation of co-operatives, it can be only the task of the state to build up co-operatives. Almost without exception the newly founded efficient co-operatives in developing countries have been founded by the state or are part of a public controlled system. After the foundation mostly the state also influences the management in the start period. At the same time the state educates a managerial élite from among the members in order to give the management to the members as soon as possible. But because there are many exceptions from this conception it is necessary in agreement with the ideas of co-operativism to put several basic postulates about the activity of the state concerning the co-operatives.

These postulates arise from the question whether the developing countries succeed in mobilizing on a broad the personal initiative for the community to preserve the basic criterion of the co-operative as an association which is founded and run to further the independent members and which must also preserve the following four principles:

1. Everybody can become a member
2. Democratic self-administration
3. No profit from business which to do the co-operative has been founded
4. Political and confessional neutrality.

Because there live different races in several developing countries these principles are not violated if a co-operative restricts to members of one race, provided that the members of other races have the right to found a cooperative, too.

The principle of democratic self-administration is of particular importance. This principle contains not only the "one man - one vote principle" but also means that there can be no decision against the will of the members of the co-operative. Third persons can give advices, without violating this principle. So for instance officials can influence the co-operative in the decision about:

1. The field of functions of the co-operative (one purpose or multipurpose co-operative);
2. The volume of business (problem of the big co-operative);
3. The collaberation with or the building up on a already existent association (problem of the social infra-structure);
4. The kind of liability;
5. The kind of occupation of the managers (honorary occupation, by-occupation and full-time-occupation)

and about many other problems of the infra-organization.

It is in accordance with the ideas of co-operativism that the state mostly controls the investment of the credits given to the co-operatives. But the state is forbidden to restrict the self-responsibility and the self-administration of the members, which are the essentials of co-operativism.

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